

VZCZCXRO7880  
PP RUEH DU RUEHJO RUEHMR RUEHRN  
DE RUEHDR #1175/01 1941220  
ZNR UUUUU ZZH  
P 131220Z JUL 06  
FM AMEMBASSY DAR ES SALAAM  
TO RUEHC/SECSTATE WASHDC PRIORITY 4362  
INFO RUCNSAD/SOUTHERN AFRICAN DEVELOPMENT COMMUNITY PRIORITY  
RUEHDS/AMEMBASSY ADDIS ABABA PRIORITY 3026  
RUEHJB/AMEMBASSY BUJUMBURA PRIORITY 2391  
RUEHKM/AMEMBASSY KAMPALA PRIORITY 2796  
RUEHLGB/AMEMBASSY KIGALI PRIORITY 0840  
RUEHNR/AMEMBASSY NAIROBI PRIORITY 0173

UNCLAS SECTION 01 OF 02 DAR ES SALAAM 001175

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DEPT EF/CBA FOR D WINSTEAD AND EB/EX  
DEPT ALSO AF/E FOR B YODER AND AF/EPS FOR T HASTINGS  
NAIROBI FCS FOR E YAGI

E.O. 12958: N/A

TAGS: [BEXP](#) [ABUD](#) [AMGMT](#) [ECON](#) [EINV](#) [ETRD](#) [PREL](#) [TZ](#)  
SUBJECT: 2006 TRADE FAIR REFLECTS STRONGER U.S.-TANZANIAN  
TIES

REF: DAR ES SALAAM 00114

SUMMARY

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11. The 2006 Dar es Salaam International Trade Fair (DITF) revealed the Government of Tanzania's (GOT) efforts to gradually transition away from a "shopping mall" atmosphere toward a genuine international trade show. While there remains a long road ahead before the DITF, which ran from June 29 through July 9, becomes either a fully functioning trade show or truly international, the intention to create a more business-oriented environment was evident. President Kikwete inaugurated the annual festivity with a speech that emphasized commitment to cut the cost of doing business in Tanzania and to promote export-led economic growth. The increasingly warm bilateral relations between Tanzania and the U.S. were "on display" with President Kikwete mentioning the African Growth and Opportunity Act (AGOA) several times during his speech and taking an in-depth tour of the U.S.A. pavilion, which won first prize as the best foreign exhibitors. END SUMMARY.

From Bargain Bazaar To International Trade Show

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12. The 30th Dar es Salaam International Trade Fair (DITF) was widely praised by the GOT as a successful event, attracting more than 400,000 visitors over a two week time span. The fair, organized by the Board of External Trade (BET), had noticeable improvements compared with previous years including, an increase in the number of local and foreign exhibitors (over 1500 total), a higher standard of maintenance at the fair grounds, and reduced congestion of both pedestrians and vehicles inside the grounds. By raising the price of admission per person and per car by 100 percent, BET created a more business-oriented atmosphere. The Minister of Trade, Industry and Marketing (MITM), Nazir Karamagi, confirmed this effort, telling Econoff on July 7 that MITM's goal is to move away from a bazaar-type "festival" toward a "truly international trade fair." While the GOT still has work to do before the DITF could be considered a world-class trade show, this year's event indicated steps in the right direction by trying to limit the number of casual shoppers and attract legitimate business persons.

U.S. Pavilion Wins First Prize

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13. The Embassy organized a U.S.A. pavilion at the 2006 DITF. Only twelve other foreign exhibitors organized similar

pavilions: Botswana, Burundi, China, Kenya, Egypt, Mozambique, Nigeria, South Africa, Syria, United Arab Emirates, Uganda and Zimbabwe. The U.S. pavilion showcased the following companies and organizations:

- U.S. Embassy Information Resource Center
- Foreign Commercial Service from Nairobi
- African Growth and Opportunity Act (AGOA)
- Kickstart (USAID partner)
- TechnoServe (USAID partner)
- DAI Pesa (USAID partner)
- Caltex
- Colgate-Palmolive
- World Initiative for Soy and Human Health (WISHH)
- Elite Computers - distributors of Apple computers and iPods
- SSTL Security Group
- Goodyear Tires
- Nufaika - distributors of Proctor and Gamble products
- Junior Achievement

¶4. Due to its attractive variety of displays, unified theme and sound layout, the U.S. pavilion won first-prize for best foreign exhibitor. President Kikwete presented this award to Ambassador Retzer on July 4 during the official DITF inauguration. The prize not only boosted the morale of the U.S. exhibitors, but also encouraged President Kikwete to tour the U.S. pavilion himself after the awards ceremony. Although expected to be a cursory walk-through, President Kikwete ended up spending more than 20 minutes in the U.S. pavilion, asking detailed questions of the participating firms about the wide range of products and projects on display.

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#### Kikwete Urges Export-Led Growth

¶5. In his inauguration speech at the 2006 DITF, President Kikwete emphasized his commitment to making Tanzania "more business friendly." He expressed his dissatisfaction with Tanzania's relatively poor ranking on the World Bank's "Cost of Doing Business" index and said the GOT was fully aware of the problems hindering business such as bureaucratic red-tape, nuisance taxes, poor infrastructure and unreliable power. Urging the business community to "prod" the GOT, Kikwete promised to work in partnership with the private sector to address these lingering impediments to economic growth.

¶6. Promoting export-led growth was a key theme President Kikwete stressed in his speech, noting that in 2004, trade contributed about 17 percent to Tanzania's GDP. Kikwete urged Tanzania's business community to use the DITF as an opportunity to explore creative marketing strategies and secure new export markets. He emphasized the upcoming opportunities soon to be offered through Export Processing Zones (EPZ) and Special Economic Zones (SEZ). Kikwete twice referred to the Africa Growth and Opportunity Act (AGOA) and mentioned Europe's Everything But Arms (EBA) as critical opportunities yet to be fully exploited by Tanzanian producers.

#### U.S.-Tanzania: DITF Reflects Strengthened Ties

¶7. COMMENT: The DITF encapsulated the double-sided coin that is Tanzania's business environment: on one side the trade fair exposed obvious flaws ranging from the unfortunate waft of smelly garbage, to unreliable power supply even in the main exhibit halls; on the other side were signs of great potential ranging from beautiful handicraft displays to reports from U.S. partners on the valuable brand promotion, contacts and orders secured through participation in the Fair. The GOT made obvious efforts to upgrade the 2006 DITF, in-line with the Kikwete government's overall agenda to improve Tanzania's business climate. President Kikwete's overall enthusiastic participation in the Trade Fair and keen

interest in the U.S.A. pavilion underlined his support for more business friendly policies and highlighted the increasingly warm bilateral relationship between Tanzania and the United States. As a result of his May 2006 trip to the U.S., Kikwete appears increasingly determined to exploit AGOA and to attract serious U.S. investments to Tanzania. END COMMENT.  
RETZER